

Message Text

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70

ACTION XMB-04

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 /065 W

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P R 080705Z DEC 76

FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC PRIORITY 3674

INFO AMEMBASSY CANBERRA

UNCLAS MELBOURNE 2330

E O 11652 N A

TAGS BENC, BEXP, AS

SUBJ: REQUEST FOR EXIM FINANCING FOR 200 MW GAS TURBINE GENERATING
PLANT

REF A STATE 288924 B MELBOURNE 2168

1. AUSTRALIAN TREASURY OFFICE IN MELBOURNE ADVISED POST
ECONOFF THAT ANSWER TO QUESTION WHETHER GOA CAN AND WOULD
GUARANTEE FOREIGN CREDIT OBLIGATIONS OF STATE AGENCY MUST
COME FROM TREASURY IN CANBERRA. EMBASSY SO ADVISED SEPARATELY
AND WILL PURSUE MATTER THERE.

2. POST AIRMAILING VIA APO FOLLOWING DOCUMENTS FOR EXIM'S
INFORMATION, WHICH WERE RECEIVED TODAY FROM SEC'S ASST GEN MGR
(ADMINISTRATION) PETER F MOIR:

A. SEC'S ANNUAL REPORT FOR 1975-1976; B STATE ELECTRICITY
COMMISSION ACT 1958 AS AMENDED; C AMENDMENTS TO B ABOVE;
D. DRAFT AMENDMENT TO B ABOVE; E "POWER FROM THE VALLEY",
SEC PUBLICATION DESCRIBING SEC'S 3016 MEGAWATT ELECTRIC
POWER GENERATING COMPLEX IN LATROBE VALLEY, SOURCE OF
80 PERCENT OF VICTORIA'S ELECTRICITY.

3. MOIR INFORMED POST THAT STATE GOVT STANDS BEHIND SEC'S
FINANCIAL OBLIGATIONS. WE NOTE ARTICLE 89 (6)(A) OF 1958
STATUTE STATES: "THE DUE REPAYMENT OF THE PRINCIPAL SUMS
AND THE PAYMENT OF ALL INTEREST SECURED BY ANY DEBENTURES
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OR STOCK ISSUED BY THE COMMISSION UNDER THIS ACT IS HEREBY

GUARANTEED BY THE GOVERNMENT OF VICTORIA." SEC HAS, FOR OTHER BORROWING, RELIED FOR YEARS ON ART 102 (1) - GENERAL POWERS, AND MOIR STATED SEC ALREADY INVOLVED IN SOME OVERSEAS CONTRACTOR - SUPPLIED FINANCE WITH STATE GOVT GUARANTEES ASSUMED ON BASIS THAT ARTICLE. STATE SOLICITOR GENERAL HAS HOWEVER RAISED QUESTION WHETHER ACT DOES IN FACT EXTEND STATE GOVT GUARANTEES BEYOND DEBENTURES AND STOCK. TO ELIMINATE DOUBT, DRAFT AMENDMENT (ITEM D ABOVE) WILL BE SUBMITTED TO VICTORIAN PARLIAMENT IN MARCH 1977. THIS WILL ALLOW SEC TO BORROW "BY SUCH OTHER MEANS AND IN SUCH OTHER MANNER AND FOR SUCH PERIOD OF TIME AS THE (STATE) TREASURER APPROVES," AND WILL PROVIDE EXPLICIT STATE GOVT GUARANTEE OF REPAYMENT OF PRINCIPAL AND INTEREST ON ANY LOAN SO OBTAINED.

4. AUSTRALIAN RESERVE BANK'S VICTORIA BRANCH FOREIGN EXCHANGE MANAGER TOLD ECONOFF THAT REPAYMENT GUARANTEES NOT CONCERN OF RESERVE BANK. NORMALLY, WHEN FINANCING IS ARRANGED, SEC APPLIES TO RESERVE BANK FOR APPROVAL TO MAKE OVERSEAS PAYMENTS. RESERVE BANK REVIEWS PROSPSAL AND, IF NO OBJECTIONS PERCEIVED, GIVES "AUTHORIZATION" WHICH IS IN EFFECT AGREEMENT IN PRINCIPLE TO MAKE FOREX AVAILABLE WHEN REQUIRED, BUT (NICE DISTINCTION) BANK DOES NOT "MAKE ANY FORWARD COMMITMENT" OF FOREX BEYOND FEW MONTHS. NEVERTHELESS BANK POINTS OUT SEC HAS NEVER RPT NEVER BEEN REFUSED FOREX WHEN NEEDED FOR OVERSEAS PAYMENTS.

5. PUBLICATION "POWER FROM THE VALLEY" (ITEM E ABOVE) HAS TABLE LISTING SEC GENERATORS IN PLACE IN OR ON ORDER FOR LATROBE VALLEY. INSTALLED GENERATING CAPACITY NOW TOTALS 3016 MW, WITH 700 MW MORE TO BE INSTALLED BY 1980. ALL THESE GENERATORS CAME FROM OVERSEAS, CHIEFLY UK, BUT LATEST FOUR UNITS (1450 MW TOTAL) PURCHASED FROM JAPAN. BRAND

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